

LNF & IHCIF Calculations Illustration **- Shakopee in Bemidji area -**

Given Data

- 428 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 90% = % Expenditures on purchased services, 10% = % expenditures in-house
- 102.0% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$2,737 per person for purchased services = $90\% * 102.0\% * \$2,980$
- \$404 per person for in-house services = $10\% * 135.7\% * \$2,980$
- \$3,141 per person total = \$2,737 (purchase) + \$404 (in-house)
- **\$3,327 per person total** adjusted for health status = $\$3,141 * 105.9\%$
- **\$2,582 per person net cost** = $\$3,327 - \745 Other resources (M&M&PI)

Existing Expenditures (for 428 users excluding wrap-around and collections)

- \$723 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$871 per person for OU users** = $\$723 + \$94 + \$54$

LNF Calculation

- **26.2% Gross LNF** = $\$871$ (expenditures) / $\$3,327$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **33.7% Net LNF** = $\$871 / \$2,582$ net cost ($\$3,327 - \745 other)

IHCIF Allocation

- \$290,382 = \$ to raise LNF% from 33.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$10,129 Allocation** = $\$290,382$ needed for 60% * 3.488% IHCIF fraction

Shakopee Unmet Needs

- **\$1,105,062 Net Total Need** = 428 users * $\$2,582$ net cost
- **\$732,406 Net Unmet Need** = $(100\% - 33.7\% \text{ LNF}) * 428$ users * $\$2,582$ net cost